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(From [redacted])
File: NASM

STATINTL

STATINTL

[redacted]
Office of Joint Computer Support
Central Intelligence Agency
Washington, D.C. 20505

Dear Ed:

I have enclosed a copy of the profile on the IBM 370/165's NSA is planning to release. The profile will provide you with the basic costing data and a very brief explanation of our Alternate Payment Plan (APP) with IBM.

If you are interested in acquiring any or all of these systems, let me know and we can pursue it further.

Sincerely,

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NSA ALTERNATE PAYMENT PLAN

1. The Alternate Payment Plan (APP) is an agreement with IBM (separable from IBM Federal Supply Schedule contracts in the case of government agencies) which allows purchase of ADPE equipment over a period of time (years) as an alternative to rental. This plan is basically an installment purchase proposal with the following criteria.

A. Payments are made annually based on purchase price plus interest on the unretired principal amount.

B. The outstanding financial obligation under APP may be liquidated at the end of any month during the life of the plan by paying the remaining principal balance.

C. IBM sets forth very specific terms and conditions under the APP contract. They are as follows:

(1) No machine may be individually terminated during the course of a fiscal year. However, the contracting agency may liquidate its obligation for individual machines without liquidating all associated machine groups.

(2) In the event that the APP is not renewed at the end of a fiscal year, all monies previously paid shall be retained by IBM, equipment ownership reverts to IBM, and all equipment shall be returned to IBM.

(3) The Government may relocate or transfer any equipment under APP so long as the payments continue to be made.

(4) All costs of maintenance shall be the
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responsibility of the government.

(5) Free and unencumbered title to the equipment being purchased by the Alternate Payment Plan shall vest in the Government only upon completion of all payments through the fifth year or upon liquidation of all outstanding obligations through prepayment. Until such time as title passes the Government assumes full responsibility for loss or damage to the equipment.

(6) No charge for extra shift usage vice the normal percentage of base rental cost additive.

2. The attached fact sheets provide a profile of the components planned to be released by NSA. The tentative release dates are flexible at this point and can be modified to accommodate any agency interested in acquiring them. Any changes in the dates will necessitate revising the costing data. The June 30, 1974 purchase cost was computed on this date because idiosyncrasies of the Alternate Payment Plan favors purchase at the time of renewal as opposed to mid-year. The apportioned payment for FY-75 was derived by prorating the FY-75 annual payment using the tentative release date as the time factor. For example, the cost for System 73A is 10/12ths of \$399,585.75 or \$332,988.10.

3. For further information contact



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